

VZCZCXRO9501  
PP RUEHAG RUEHDBU RUEHROV  
DE RUEHKB #0522/01 1171351  
ZNY CCCCC ZZH  
P 271351Z APR 07  
FM AMEMBASSY BAKU  
TO RUEHC/SECSTATE WASHDC PRIORITY 2916  
INFO RUCNCIS/CIS COLLECTIVE PRIORITY  
RUCNMEM/EU MEMBER STATES PRIORITY  
RHMFSS/CDR USEUCOM VAIHINGEN GE  
RUEAIIA/CIA WASHINGTON DC  
RHEBAAA/DEPT OF ENERGY WASHDC  
RUEKDIA/DIA WASHDC  
RHEHNSC/NSC WASHDC

Friday, 27 April 2007, 13:51  
C O N F I D E N T I A L SECTION 01 OF 03 BAKU 000522

SIPDIS  
SIPDIS  
EO 12958 DECL: 07/25/2027  
TAGS ENRG, PREL, PGOV, AJ  
SUBJECT: AZERBAIJAN ENERGY MINISTER LIKES BP BUT WANTS MORE  
LEVERAGE  
REF: BAKU 463  
Classified By: Ambassador Anne E. Derse, Reasons 1.4 (b,d)  
11. (C) SUMMARY. In an April 18 conversation with the Ambassador, Energy and Industry Minister Natig Aliyev said that GOAJ would continue its c  
12. (C) On April 18 the Ambassador met with Energy and Industry Minister Natig Aliyev to discuss future Azerbaijani gas production. EnergyOff w  
13. (C) The Ambassador told Aliyev that she had talked with President Aliyev recently on energy matters (reftel). She said that in her April 16  
14. (C) Energy and Industry Minister Aliyev said that he had just met with visiting BP Production and Exploration Head Andy Inglis, whom he tol  
15. (C) Aliyev also said that the GOAJ had no power to compel BP to produce gas on schedule, and that BP has no strong obligation to implement  
16. (C) Aliyev said that this year BP had projected that Shah Deniz would produce 5.6 bcm, but now they say "no more than" three bcm, "which me  
BAKU 00000522 002 OF 003  
they are saying that there will be a second Shah Deniz well producing in May, but I don't believe them." Aliyev did grudgingly admit that offsh  
17. (C) The Ambassador agreed with Aliyev that it was a difficult situation, given the GOAJ's strong desire to accelerate production and export  
BP AND GOAJ COOPERATION

-----  
18. (C) Energy Minister Aliyev said that BP has large proposals for oil and gas projects in Azerbaijan. It has upgraded its estimates of oil re  
19. (C) Minister Aliyev said that in general, the GOAJ was willing to cooperate with BP on ACG PSA extension, on ACG Deep Gas, and on accelerat  
BP RELUCTANT ON SD2?

-----  
10. (C) Aliyev said that given the high price of gas if nothing else, the GOAJ should accelerate gas production as much as it could. With SD2  
SD2 MARKETING

-----  
11. (C) In response to the Ambassador's question about SD2 marketing, Aliyev said that he thinks this issue would be solved between Statoil ar  
BAKU 00000522 003 OF 003  
12. (C) When the Ambassador tried clarifying with the Energy Minister what the USG and GOAJ can say publicly about future Azerbaijani gas expc  
13. (C) In response to the Ambassador's comment that the GOAJ needs to send a clear and strong signal to Europe that Azerbaijan's will and int  
NEED FOR TRANSIT REGIME

-----  
14. (C) Aliyev said that before making any decisions about gas sales, all parties involved must know the relevant information about delivery t  
15. (C) COMMENT: The Energy Minister strongly underscored the GOAJ position that Azerbaijan is ready to provide as much gas possible as soon a